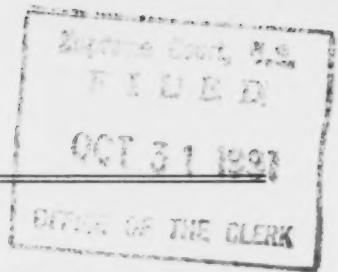


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No. 91-588



In The  
**Supreme Court of the United States**  
October Term, 1991

ANDERS E. TRELL,

*Petitioner,*

v.

SENTEX SYSTEMS, INC., and WILLIAM R. DAVIS,

*Respondents.*

**Petition For A Writ Of Certiorari To The United States  
Court Of Appeals For The Federal Circuit**

**RESPONDENTS' BRIEF IN OPPOSITION**

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## QUESTIONS PRESENTED FOR REVIEW

The United States Court of Appeals for the Federal Circuit, in a unanimous *per curiam* decision, affirmed the awarding of summary judgment of patent claim invalidity by the United States District Court for the Central District of California.

The questions presented for review by Petitioner contain incorrect factual predicates. The questions are more accurately phrased as follows:

1. Whether Petitioner raised any genuine issues of material fact preventing an award of Summary Judgment by the District Court.
2. Whether Respondents carried their burden of showing there is no genuine issue of material fact.
3. Whether, when invalidating patent Claim 9 (which expressly incorporated each and every limitation of patent Claim 4, and added a single claim element to Claim 4), it was improper for the District Court to grant summary judgment of invalidity of Claim 4.

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## STATUTES INVOLVED

### 35 U.S.C. 102

A person is entitled to a patent unless:

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country before the invention thereof by the applicant for patent, or

(b) the invention was . . . in public use or on sale in this country more than one year prior to the date of application for patent in the United States . . . , or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant. . . .

### 35 U.S.C. 103 Conditions for Patentability; Non-Obvious Subject Matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made. . . .

## THE PATENT CLAIMS AT ISSUE

4. In combination with a public automatic subscriber telephone network an apparatus having connecting means by which the apparatus can be connected to a door lock, comprising:

switching means by which said apparatus can be coupled onto a telephone line going out to the automatic exchanges of said telephone network;

selecting means for dialing telephone numbers to said telephone network;

discriminating means for securing that only certain telephone numbers out of all those of the whole said telephone network can be selected resulting in said telephone networks performing a call to one of said telephone networks subscriber telephone sets;

means for verbal communication with said subscriber telephone; and

means responsive to signals induced from said subscriber telephone for thereupon releasing said door lock.

9. The combination of Claim 4, wherein said selecting means also addresses a common-combination lock device.

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## STATEMENT OF THE CASE

### 1. Introduction

This is a suit for infringement of Petitioner's U.S. Patent 3,947,641. Petitioner filed his application for patent

in the United States Patent and Trademark Office on June 3, 1974, claiming that the benefit of his Swedish filing date of June 7, 1973. The Swedish filing date is deemed to be Petitioner's invention date *Yaskuko Kawai v. Metlesics* 480 F.2d 880. (CCPA 1970).

In his suit filed June 1, 1989, Petitioner contended that Respondent infringed claim 9 (and implicitly claim 4) of the '641 patent. On August 20, 1990, the District Court awarded summary judgment to Respondents, finding that claims 4 and 9 of the '641 patent were invalid. The Court determined that the system recited by claim 4 of the patent was known, on sale, and in public use in the United States prior to Petitioner's claimed invention date. Specifically, the Marlee *Entraguard* System and the Dialarm *Identifone* System all pre-dated Petitioner's claimed invention date, and had each and every component recited by Claim 4.

The District Court further determined that Claim 9 of the '641 patent was invalid in that it simply recited an obvious combination of a "direct entry" feature from a pre-existing third telephone entry control system (Pacific Telephone System) with a system such as the *Entraguard* and or *Identifone* System.

The Federal Circuit affirmed the award of summary judgment *per curiam*. Petitioner sought re-hearing, which was denied.

Now, Petitioner seeks a Writ of Certiorari. Review is unwarranted, and the Petition should be denied.

## 2. The Pertinent Facts

The District Court's findings of fact and conclusions of law provide a description of the system described by

the '641 Patent in suit. (R.A. 2a-3a ¶46.) These findings are incorporated herein by reference.

Briefly, the system described by the '641 includes an entrance telephone unit at the locked entrance of a building. A visitor picks up the handset of the entrance unit and dials the number of the person (s)he wishes to visit, after which the connection to the tenant's telephone is completed over the public telephone network. After the tenant answers his telephone, the visitor establishes voice contact with the handset; if the tenant wishes to admit the visitor to the building, the tenant dials or depresses a push-button on his telephone, e.g. the digit "9".<sup>1</sup>

The signal from the tenant's telephone travels to the entrance unit via the wires in the public telephone network and is recognized by the entrance unit as an instruction to unlock the door. The door is then caused to be unlocked and the visitor may enter the building. The feature thus described is referred to as "telephone entry."

Because a visitor could, if nothing more, dial any telephone number in the public telephone system from the entrance unit, the '641 patent also provides a "number discriminator" at the output of the "number selector." The number selector is defined in the patent as "conventional dialing of means." The "number discriminator" restricts the use of the entrance set to relevant

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<sup>1</sup> Claim 4 of the patent does not require a dialing of the number on the tenant's keypad or dial to admit a visitor. Claim 4 merely requires that the entrance unit include "means responsive to signals induced from said subscriber [i.e., tenant] telephone for thereupon releasing said door-lock."

telephone numbers only; i.e., the telephone numbers of tenants within the building.

The output from the "number discriminator" is therefore a telephone number dialed at the entrance on the "number selector," which telephone has been found by the "number discriminator" to be acceptable to pass on to the public telephone network.

Claim 4 of the '641 patent was directed to the foregoing "telephone entry" feature of Petitioner's system. Respondents' *uncontroverted* evidence is that the prior art *Identifone* and *Entraguard* systems included each and every element recited by Claim 4.

Claim 9 of the '641 patent is directed to a "direct access" feature. The direct access feature permits a person to dial an access code into the entrance unit which directly unlocks the door, without contacting anyone in the building. The direct access feature need not employ the telephone network; i.e., the entrance unit can send a signal directly to the door latch.

Claim 9 incorporates each and every element of Claim 4, and adds a single element; namely, that the "selecting means" (i.e. the dial or push-button keypad) also addresses a common combination lock device.<sup>2</sup>

In this action, Respondents introduced *uncontroverted* evidence that the prior art Pacific Telephone Entry Control System used its "selecting means" for telephone entry and to address a combination lock device (as per

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<sup>2</sup> The term "common combination lock device" is undefined by the patent.

Claim 9). Although this system used an internal switching network within the building, rather than the public telephone network to connect the visitor with the occupant during telephone entry, its combination of telephone entry and direct access blatantly suggested that the same combination be made with the telephone entry feature of *Entraguard* and *Identifone* systems. The District Court found that the Pacific Telephone system suggested Petitioner's claimed combination to one of ordinary skill in the art who had knowledge of the *Entraguard* and/or *Identifone* systems; i.e., a combination of a public telephone network type *Entraguard* and/or *Identifone* system and the use of the entrance dial/keypad to directly open the door. (R.A.17a, ¶85.)

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#### REASONS FOR DENYING THE WRIT

1. **Petitioner Has Failed to Base His Petition On the District Court's Findings of Fact and Conclusions of Law as Required, and Failed to Object to Any Perceived Inadequacies In the Findings of Fact and Conclusions of Law Before They Were Adopted By the District Court.**

Petitioner has incorrectly based his Petition on the District Court's preliminary Memorandum of Decision, and not on its Findings of Fact and Conclusions of Law (hereinafter, "Findings") which superceded the Memorandum. Although Petitioner omitted a copy of the Findings, in violation of Rule 14(k)(i), Supreme Court Rules, a copy is attached in Respondents' appendix hereto. (R.A. 1a-22a.)

Petitioner has accordingly not argued that any factual finding in the Findings is erroneous.

Petitioner has alleged (Pet., pg. 27) that Respondents' counsel "changed the basis" for the District Court's holding of invalidity when he prepared the Findings pursuant to the Court's request. Even if true, which it is not, Petitioner failed to make a timely objection during the District Court proceedings. Accordingly, this question was not raised or preserved for appeal. Federal Rules of Evidence, Rule 103; *Purer & Co. v. Akliebologet Addo*, 410 F.2d 871, 876 (9th Cir. 1969) *cert denied*, 396 U.S. 834, 90 S.Ct. 90, 24 L.Ed.2d 84 (1969).

Findings of Fact which are prepared by counsel for the prevailing party, and which have been drafted pursuant to a request by the Court, are those of the Court once they have been adopted. *Anderson v. City Of Bessemer City, N.C.*, 470 U.S. 564, 572 (1985). The Petition is fatally defective in its failure to include, or take issue with, the Findings, and should be summarily denied.

**2. Petitioner Failed to Raise Before the Federal Circuit the Issue of Whether Respondents Failed to Carry Their Burden of Proof Showing That There is No Genuine Issue of Any Material Fact.**

Petitioner, in his second question presented for review, seeks to raise the issue of whether Respondents failed to carry their burden of proof showing that there was no genuine issue of any material fact. The record does not permit the formulation or resolution of this

question, in that Petitioner failed to raise it in his appeal to the Federal Circuit.

Among the issues formulated by Petitioner for review in his revised brief to the Federal Circuit, issue no. 3 is the only issue which so much as mentions any burden of proof:

- "3. Did the District Court err in granting Defendants' Renewed Motion for Summary Judgment of Invalidity of Claim 4 or Claim 9, in the total absence of any admissible "clear and convincing evidence" that either claim 4 or claim 9 is invalid in view of the Entraguard device, the Identifone device and the Pacific Telephone System." (R.A. 18a)

Although the phrase, "burden of proof" was included in the aforestated issue as a factual predicate, the issue now presented by Petitioner is directed to that predicate for the first time. The issue of *whether* Respondents carried their burden, was never squarely placed before the Federal Circuit. Accordingly, this issue has been waived by Petitioner.

### **3. The District Court Did Not Conduct a Trial By Declaration.**

Petitioner has alleged that the District Court impermissibly weighed evidence and made credibility determinations in arriving at its decision to award summary judgment. This position was properly rejected by the Federal Circuit.

The record, as well as the Findings, show that Respondents met the criteria set forth by this Court for

awards of summary judgment, and that Respondents also established invalidity of the patent claims by the "clear and convincing" standard. No evidence submitted by Petitioner in the District Court proceeding established any facts which contradicted the facts set forth by Respondent's supporting witnesses, or raised any question whatsoever regarding the truth of the matters attested to by those witnesses.

Moreover, the District Court's Findings show that the District Court's award of summary judgment was not the "rush to judgment" portrayed by Petitioner, but was instead based upon a careful consideration and meticulous review of all the evidence before the Court.

Rule 56(c), Federal Rules of Civil Procedure *require* the non-moving party to set forth *specific facts* showing that there is a genuine issue for trial. One of the principal purposes of summary judgment is to isolate and dispose of factually unsupported claims. *Cellotex Corp. v. Catrett*, 477 U.S. 317, 322, 91 L.Ed.2d 265, (1986). Even now, the Petition itself is barren of any material fact which is in genuine dispute. No evidence is offered by Petitioner showing that (1) the prior art systems have components other than those attested to by Messrs. Janess, Leshner, Ahlstrom, and Ruiz, or (2) that the prior art systems operated differently than that attested to by Mr. Margolis and each of the foregoing witnesses, or (3) that the systems were not, in fact, in public use or on sale during the time periods to which these witnesses all attested.

Instead, the Petition recites (pp. 20-21) a number of peripheral and irrelevant points. First, Petitioner argues there is no documentary evidence that two telephone

lines were ordered for the trade show in Miami, Florida, or that Marlee paid for the installation and use of two telephone lines.

The District Court found (on the basis of uncontradicted evidence) that the Marlee system demonstrated at the Miami tradeshow prior to Petitioners claimed invention date, was connected to the Miami public telephone network. (R.A. 7a-8a ¶19). This fact was attested to by two witnesses, Messrs. Ahlstrom and Margolis. (Pet., pp. 6-7). A third witness, Mr. Janess, who did the detailed design work on the system, attested to the fact that the Marlee unit shown at the trade show was capable of operating in combination with the public telephone network, as attested to by Ahlstrom and Margolis.

The use and offering for sale of the Marlee system at the trade show prior to Petitioner's claimed invention date is all that is relevant. The "prior art" against which patentability is measured is defined by 35 U.S.C. 102 and includes all devices "known or used by others in this country before [the claimed invention date]" and devices which are "in public use or on sale in this country more than one year prior to the date of application for patent in the United States".

In the proceedings below, Petitioner failed to produce a single witness to counter the material facts establishing that the Marlee system was in use and on sale before the critical date. Petitioner's sole argument now is that no *written* documentation exists some twenty years later. However, as a matter of law, written documentation is not required to invalidate patent claims.

Moreover, Mr. Janess fully described the components of the Marlee system, and attested to the fact it was capable of operating with the public telephone network. Messrs. Ahlstrom and Margolis each attested to the fact that the system was known by others and publically operated at the Miami show, where it was offered for sale. Mr. Margolis additionally affirmed that he himself programmed the unit with the telephone number of the "public subscriber" telephone in the booth, which the booth's visitors called during the demonstrations. Accordingly, the uncontroverted evidence before the District Court was that the Marlee *Entraguard* system was known and used by others, and on sale, prior to Petitioner's claimed date of invention.

Corroborating advertisements and promotional literature were, in fact, authenticated by these witnesses and submitted to the district court. The fact that little more documentation exists some 18 years later is hardly suspicious, and does not constitute a basis for assigning error to the District Court's factual findings. Moreover, the prior art *Identifone* system, which also used the public telephone network, is prior art because it was also known and used (35 U.S.C. 102(a)), on sale (35 U.S.C. 102(b)), and described in a patent application filed before Petitioner's claimed invention date (35 U.S.C. 102(e)). The evidence concerning the *Identifone* system was also uncontroverted by Petitioner.

Secondly, Petitioner argues that there is no documentary evidence or even a statement by Messrs. Margolis, Ahlstrom or Janess, that the single prototype Marlee Entraguard unit was tested prior to being shipped to Miami to determine whether it was capable of being used

in combination with the Miami public subscriber network, or any public telephone network. This is irrelevant. What is relevant and uncontroverted (and what the District Court found (R.A. 8a, ¶22)) is that the Marlee system was operated in combination with the Miami public subscriber network, and was in public use and on sale in the U.S. prior to Petitioner's claimed invention date.

Third, Petitioner asserts that there is no documentary evidence or testimony that the Marlee unit was installed in an apartment building and used in combination with a public telephone network to admit visitors prior to the claimed invention date. Again, this is irrelevant for the reason set forth above. Equally irrelevant is Petitioner's quarrel with an invoice (P.A. 26a) displaying the term "W/C". The issue is not when delivery was taken. The issue is whether the system was "on sale". (35 U.S.C. 102(a)).

Petitioner asserts (Pet., p. 21) that there was testimony but no documentary evidence showing that the Leshner *Identifone* system was on sale prior to the claimed invention date. Again this is irrelevant. Uncontroverted declarations based upon personal knowledge are sufficient to establish a material fact. Mr. Leshner's declaration as to the dates of sale was wholly uncontradicted by any witness. Secondly, and more fundamentally, Mr. Leshner's U.S. patent on the *Identifone* was in evidence, and it was based upon an application filed prior to the claimed invention date. Petitioner submitted no evidence contradicting the Leshner patent. Even if there had never been a sale of the Leshner system, that U.S. Patent was prior art under 35 U.S.C. 102(e):

"A person is entitled to a patent unless . . . the invention was described in a patent granted on an application by another filed in the United States before the invention thereof by the applicant for patent. . . ."

Mr. Leshner's system was described in a patent granted on an application he filed on December 27, 1972; well before Petitioner's claimed invention date of June 7, 1973.

As this Court has stated, Rule 56 provides, by its very terms, that the mere existence of *some* alleged factual disputes between the parties will not defeat an otherwise properly supported motion for summary judgment. There must be a genuine dispute over material facts. Only disputes over facts which affect the outcome of the suit will properly preclude summary judgment. Moreover, to be a "genuine" dispute; the evidence must be such that a reasonable jury could return a verdict for the non-moving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48, 91 L.Ed.2d 202, 211, 106 S.Ct. 2505 (1986). As this Court stated in that case:

"There is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. If the evidence [of the non-movant] is merely colorable, or is not significantly probative, summary judgment may be granted."

The record in this case, as well as the Petition itself, shows that Petitioner failed to produce a single witness to refute the facts set forth by, or the documents authenticated by, Messrs. Leshner, Ahlstrom, Janess, and Ruiz.

Moreover, the witnesses supporting Respondents' position, found by the District Court as having an average level of skill in the applicable art in the 1973 time frame (R.A. 15a, ¶50), all attested to the fact that the combination recited by Claim 9 of Petitioner's patent was an obvious combination at the time of the claimed invention date.

Not a single witness offered by Petitioner testified to the contrary regarding the components of the prior art systems, or to the fact that these systems were known, on sale and in public use prior to the claimed invention date.

The Petition is based upon the same, inadequate general denials and conclusionary statements that were before the District Court, and which were then unsuccessfully urged on the Federal Circuit. No witness with any pertinent technical skill testified in the District Court proceeding as to the alleged validity of the combination recited by Claims 4 and 9. (R.A. 15a, ¶51.) Petitioner, himself, is a Swedish pharmacist with no demonstrated level of "ordinary skill in the art". Petitioner's sole technical witness was a mathematician with experience in computer programming, and no experience in the applicable art. (R.A. 15a, ¶51). His declaration is not even offered here in support of the Petition. It was simply irrelevant.

The declaration from Petitioner's so-called patent expert as to technical matters or as to "obviousness" had no foundation, and was speculative, conclusionary and inadmissible. He is a patent attorney. His declaration fails to show any skill or experience in the relevant art, which

the District Court held to be "electrical and electromechanical security systems". (R.A. 4a, ¶19). If his declaration as to "obviousness" was offered as a "patent expert", it remains irrelevant and without foundation since it was not based upon the testimony of one skilled in the art.

Thus, while the bulk of the designers of the prior art telephone entry control systems in the 1973 time frame were called forth by Respondents, and supported Respondents' position that Claim 4 and 9 were invalid, and while Janess, Ahlstrom and Leshner had ordinary skill in the art at the time of Petitioner's claimed invention date (R.A. 12a, ¶50), no relevant admissible counter-evidence was offered by Petitioner in opposition.

The patent licenses offered by Petitioner as "secondary considerations of non-obviousness" were equally irrelevant. The Swedish license agreement, on its face, was a license under European patents.<sup>3</sup> Although the agreement included an option to acquire a license under the U.S. Patent (R.A. 27a, 3d paragraph), nothing in the record indicated that the option was ever exercised. Moreover, the record established that the Swedish licensee did not know of the prior art before the District Court when the license agreement was entered into.

Similarly, the two U.S. licenses were found irrelevant by the District Court. In deposition, one company's president testified that it was simply cheaper to settle than to litigate, given the small portion of his product line represented by the covered entry control systems. (R.A.

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<sup>3</sup> The licensee intended to exploit the system in Europe. (R.A. 26a, 3d Whereas clause).

29a-31a). The president of the second company testified in deposition that he had *incorrectly* believed that the Federal Circuit had upheld the validity of the patent claim. (R.A. 32a-33a).

The clear, detailed, uncontroverted testimony of Respondents' witnesses was the basis for the District Court's granting of summary judgment. The District Court did not need to weigh the credibility of witnesses. Petitioner produced *no competent witnesses*. Petitioner's failure to offer so much as a scintilla of factual counter-evidence made the District Court's conclusions of invalidity and obviousness, and its award of summary judgment, appropriate. A reasonable jury could not have found for Petitioner, given the one-sided nature of the factual evidence. *Anderson v. Liberty Lobby*, 477 U.S. 242, 254, 91 L.Ed.2d 202 (1986). Respondent's evidence was sufficient to establish an abiding conviction that the truth of the factual contentions were highly probable. *Colorado v. New Mexico*, 467 U.S. 310, 316 (1984). There is no need for yet another review of the District Court's decision.

#### **4. It Was Not Error For the District Court to Adjudicate Claim 4 Invalid**

The validity of Claim 4 was properly in issue because Respondents had a reasonable apprehension they would face an infringement suit on Claim 4. Claim 9 cannot be infringed without also infringing its present Claim 4. There is nothing to prevent Petitioner from later asserting the broader Claim 4 against Respondents in connection

with present or future products. Petitioner, in fact, consistently refused to give written assurances that Respondents would not be sued for infringement of Claim 4.

Moreover, the analysis of Claim 4 required no additional judicial resources. Claim 9 is highly interrelated with Claim 4, adding but a single additional element to the recitation of Claim 4. The Court therefore needed to analyze Claim 4 as part of its analysis of Claim 9, since the former contains the majority of the claim elements relied upon by the latter.

Additionally, Claim 4 would have a needless chilling effect on Respondent's business and on the businesses of others in the industry if permitted to stand unchallenged. By the same token, the broader Claim 4 could not be valid when the narrower Claim 9 (which adds a feature to Claim 4) is invalid.



### CONCLUSION

A Writ of Certiorari should not be granted. The District Court committed no error. The Federal Circuit Court of Appeals correctly affirmed *per curiam*. Petitioner cannot claim to have been "railroaded" where Respondent's motion for summary judgment was filed 14 months after commencement of the action, and Petitioner conducted discovery during that entire period. A hearing on this matter would be a tragic waste of this Court's valuable time and resources.

Respectfully submitted,

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## APPENDIX

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UNITED STATES DISTRICT COURT  
 CENTRAL DISTRICT OF CALIFORNIA

ANDERS E. TRELL	)	CIVIL ACTION
Plaintiff and	)	NO. 89-3355-DT (Kx)
Counterdefendant	)	
v.	)	ORDER [PROPOSED]
SENTEX SYSTEMS,	)	GRANTING DEFENDANTS'
INC., et al.	)	RENEWED MOTION FOR
Defendants and	)	SUMMARY JUDGMENT OF
Counterclaimants	)	INVALIDITY OF PATENT
	)	CLAIMS 4 AND 9
	)	DATE: AUGUST 20, 1990
	)	TIME: 10:00 A.M.
	)	COURTROOM: 14
_____	)	(Filed Sept. 17, 1990)

1. Plaintiff Anders E. Trell ("Trell") is an individual alternatively residing in Stockholm, Sweden and Los Angeles, California.

2. Defendant Sentex is a California corporation having its principle place of business in this district. Defendant Davis is an individual residing in this judicial district.

3. United States Letters Patent 3,947,641 entitled "Use of Public Subscriber Telephone Network; Method and Apparatus" (hereinafter "the Trell patent") was granted to Plaintiff Anders E. Trell on March 30, 1976 - based upon an application filed by him on June 3, 1974 which claimed the priority of his Swedish patent application filed June 7, 1973.

4. The Trell patent describes an entry control system which includes a telephone instrument mounted outside a locked building. The telephone allows a visitor to contact and speak with someone inside the building through standard public telephone lines. The person within the building can then dial a pre-determined number (or depress a pre-determined keypad button) on his telephone which sends a signal through the public telephone lines and causes the entrance door to be unlocked, thereby enabling the visitor to enter the building. The described system additionally includes a direct access feature which allows a person to unlock the door directly by entering a pre-programmed number into the telephone keypad at the entranceway.

5. The entrance telephone is referred to in the Trell patent as an "Entrance Set". The patent further describes the components of the system as including a "Number Selector", defined as a "conventional dialing means," and a "loudspeaker or handset-verbal communication unit." (Patent, Col. 2, lines 53-55). Recognizing that a visitor could, with nothing more, dial any telephone number in the public telephone system, the Trell patent next provides (Patent, Col. 3, lines 4-45) a "Number Discriminator" at the output of the "Number Selector." The purpose of the "Number Discriminator" is to restrict "the use of

the entrance set to relevant telephone numbers only" (Patent; Col. 3, lines 8-9). Thus, the Trell system may allow telephone calls only to those persons who reside in the building visited, in the example of an apartment house. The output of the Trell "Number Discriminator", which telephone number has been found by the "Number Discriminator" to be an acceptable telephone number to pass on to the public telephone network.

6. The Trell patent describes a direct access feature at Col. 6, lines 11-17 as follows:

"According to another foreseen separate embodiment for special buildings, the key set of the entrance set can at the same time address (sic) a common combination lock device, the number dialed being a programmed telephone number, being dialed to the telephone network, but being the number programmed for in the combination lock, opening the door at once."

7. Claim 4 of the Trell patent recites:

"4. In combination with a public automatic subscriber telephone network an apparatus having connecting means by which the apparatus can be connected to a door lock, comprising:

switching means by which said apparatus can be coupled onto a telephone line going out to the automatic exchanges of said telephone network;

selecting means for dialing telephone numbers to said telephone network;

discriminating means for securing that only certain telephone numbers out of all those of the whole said telephone network can be selected

resulting in said telephone networks performing a call to one of said telephone networks subscriber telephone sets;

means for verbal communication with said subscriber telephone; and

means responsive to signals induced from said subscriber telephone for thereupon releasing said door lock."

8. Claim 9 of the Trell patent recites:

"9. The combination of Claim 4, wherein said selecting means also addresses a common combination lock device."

#### The Scope and Content of the Prior Art

9. The pertinent art is electrical and electromechanical security systems.

#### The Lesher "Identifone"

10. Defendants have presented uncontradicted evidence that a system called the *Identifone* was sold in the Los Angeles area as early as 1972 by a company named Dialalarm, Inc. (Decl. of Lesher, ¶4).

11. The *Identifone* included a telephone instrument adjacent the normally locked door of an apartment building. A visitor to the apartment house would dial a three-digit code number into the entrance telephone's dial, corresponding to the occupant that (s)he wished to visit. The device would retrieve from a magnetic tape recording the telephone number of the occupant sought, and

dial the occupant's telephone through the public telephone system, causing the occupant's telephone to ring. The calls placed from the *Identifone* were restricted to the telephone numbers stored on the magnetic recording device so that only telephones of the occupants could be reached from the *Identifone*. (Decl. of Lesher, ¶4)

12. Using the telephone handset of the *Identifone*, the visitor identified himself to the occupant. If the occupant wished to admit the visitor, he used a handheld tone generator near the mouthpiece of his telephone; the *Identifone* device would recognize the signal from the tone-generator and cause the door to unlock. (Decl. of Lesher, ¶4).

13. At the end of 1971, Lesher redesigned the *Identifone* to use a digital memory for storing the telephone numbers of the occupants. (Decl. of Lesher, ¶8)

14. In operation, the *Identifone* worked in combination with the public telephone network, and had terminals which allowed the system to be connected to a door lock. The system further included:

a switching circuit by which the *Identifone* could be coupled onto a telephone line going out to the automatic exchanges of said telephone network;

a telephone dial by which a selected code number was entered into the *Identifone* to dial a corresponding telephone number to said telephone network;

a magnetic tape memory for storing programmed telephone numbers, which was accessed by the dialed code to insure that only the programmed telephone numbers out of all those of the whole telephone network

could be selected, resulting in said telephone network performing a call to one of said telephone network telephone sets; namely, the selected tenant's telephone.

a telephone handset for allowing verbal communication between the *Identifone* and the tenant's telephone; and

a circuit in the *Identifone* responsive to signals induced from the tenant's telephone for thereupon releasing said door lock. (Decl. of Leshner, ¶6)

15. On December 27, 1972, Leshner caused a patent application on the redesigned *Identifone* to be filed. (Decl. of Leshner, ¶9)

16. At least some of the *Identifone* units sold in 1972 had "postman's locks", i.e., mechanical locks owned and installed by the U.S. Postal Service. The postman carries a key which fits the lock, and he uses the key to bypass security systems and open entrance doors for mail delivery. In the *Identifone*, a microswitch was positioned to contact the mechanical bolt of the postman's lock. When the postman turned his key in the lock, the microswitch responded to the bolt's movement by activating circuitry which energized the door strike. (Decl. of Leshner, ¶11)

17. On February 15, 1974, James Leshner filed a "continuation-in-part" ("CIP") of his 1972 patent application, and the 1972 application was abandoned. The CIP application was the same in content as the 1972 patent application except that it additionally described the use of the occupant's telephone keypad or dial as an alternative to the hand-held tone generator. U.S. Patent 3,917,911 ('911 Patent) was granted on the CIP patent application on

November 4, 1975. The description in '911 Patent, excluding those elements which were added in 1974, is consistent with the declaration of Mr. Leshner.

The Marlee "Entraguard"

18. Defendants also presented uncontradicted evidence that a working prototype of a second entry control system, called the *Entraguard*, was shown and demonstrated at a tradeshow in Miami, Florida on April 2-4, 1973 by a company named Marlee Electronics Corp. (Decl. of Margolis, ¶7; Decl. of Ahlstrom, ¶11). This was prior to Trell's priority date of June 7, 1973.

19. The *Entraguard* prototype at the Miami tradeshow worked in combination with the Miami public subscriber network. (Decl. of Ahlstrom, ¶11; Decl. of Margolis, ¶7). It included a switching circuit responsive to the entry of a valid tenant code number to seize the line to the automatic exchange of the network; a keypad for entering the code number which accessed memory; a circuit for dialing corresponding telephone numbers to the network; a memory and access circuit which insured that only telephone numbers pre-programmed into the memory could be selected, resulting in the call being performed to one of the network subscriber sets, i.e., the tenant's telephone. The *Entraguard* also included a telephone handset for verbal communication between the *Entraguard* and the tenant's telephone, and a circuit responsive to the tone or pulses from the tenant's telephone to release the door lock. (Decl. of Janess, ¶7). This exactly tracks the language of Claim 4 of the Trell patent.

Accordingly, Claim 4 of the Trell patent reads on the *Entraguard* prototype.

20. At the April 1973 tradeshow in Miami, the prototype *Entraguard* was set up in a booth and connected to the Miami public telephone system. A demonstration building directory was placed adjacent to the connected prototype. A second telephone line was connected to an ordinary telephone in the booth, which represented a tenant's telephone. The prototype was programmed so that whatever three digit number from the demonstration directory was inserted via the key pad by a convention attendee, the prototype telephoned the number of the "tenant" telephone in the booth via the Miami public subscriber network. When the "tenant" telephone was answered, depression of its "9" digit button caused a signal to be sent from the "tenant" telephone to the prototype via the Miami public subscriber network, activating an electrical door strike. (Decl. of Ahlstrom, ¶11; (Decl. of Margolis, ¶7).

21. Prices and delivery schedules for the *Entraguard* were quoted by Marlee at the April 1973 tradeshow to attendees who inquired. (Decl. of Ahlstrom, ¶12). An order for the *Entraguard* was placed with Marlee on May 15, 1973, and the *Entraguard* was transferred to the purchaser on or about June 1, 1973. (Decl. of Margolis, ¶9).

22. The *Entraguard* prototype was in public use and "on sale" in the United States during the period April 2-4, 1973.

23. During the designing of the *Entraguard* system, a direct access feature was discussed which would enable a person to enter an access code into the entrance unit via

its keypad to open the door directly without the use of the public subscriber network. The feature was excluded because the foreseeable disclosure of the access code to non-tenants was deemed a serious security breach. (Decl. of Ahlstrom, ¶¶6, 7, 14).

24. The *Entraguard* and *Identifone* embodied each and every element of Claim 4 of the Trell patent.

25. Trell has admitted that there are no differences between the *Entraguard* described by Defendant's witnesses, Margolis, Ahlstrom and Janess, and the system defined by Claim 4 of the Trell patent. (Trell Depo., Vol. I, pg. 149).

#### The Pacific Telephone System

26. Prior to Trell's priority date, and at least as early as December 1969, Pacific Telephone used, and leased to its customers, an entry control system which included a standard telephone instrument adjacent a normally locked door of a building. (Decl. of Ruiz, ¶4).

27. Defendants presented the uncontradicted declaration of Hector Ruiz, stating that Mr. Ruiz was provided with a numerical code, when he commenced employment with Pacific Telephone in December 1969, which he would dial into the entrance telephone of the Pacific Telephone system via its rotary dial in order to gain access to the building. When he dialed the number into the telephone, the door unlocked, permitting him to enter the building. (Decl. of Ruiz, ¶4).

28. In his declaration, Mr. Ruiz described another feature of the Pacific Telephone system, which he had

personally seen and used. According to Mr. Ruiz, a set of instructions was posted near the entranceway telephone advised non-employees to dial a code (which was different from the pre-assigned code) in order to gain entrance to the building. Upon dialing the code, the visitor was connected to an employee's telephone within the building. The employee, whose telephone rang in response to the visitor's entry of the code, would answer his/her telephone, establishing voice contact with the visitor and determining the purpose of the visitor's desired admission. The employee could then unlock the entrance door for the visitor by dialing a certain number on his/her telephone. (Decl. of Ruiz, ¶5).

29. At some installations, the directions provided the non-employee with a choice of codes, depending upon the general purpose of the visit so that, by choosing a code which matched the general purpose of visit, the visitor was connected to the telephone of the appropriate employee within the facility. (Depo. of Ruiz, pg. 79)

30. Mr. Ruiz stated in his declaration that Pacific Telephone entry control systems, combining telephone entry and direct access as described above, were in use in dozens of Pacific Telephone facilities in the Los Angeles area alone prior to January 1973.

31. In addition, Mr. Ruiz stated in his declaration that he personally arranged for the installation of such systems for Pacific Telephone customers prior to January 1973, including the Los Angeles Board of Education, Sam & Walter's Camera Repair, Greyhound Bus Company, Los Angeles International Airport and a number of airlines (Decl. of Ruiz, ¶6).

32. The components of the Pacific Bell system are described in Mr. Ruiz's deposition and declaration. The entranceway telephone was connected to a "Key Service Unit (or "K.S.U."), which was basically a box to which were connected all employee telephones, the incoming public subscriber lines, the entrance telephone, and the door strike. (Depo. of Ruiz, pg. 27).

33. To limit the number of employee telephones which were callable from the entrance unit, the K.S.U. included a circuit card that interfaced between the entrance telephone and the employee telephones that were to be callable, as well as between the callable employee telephones and the door strike. (Depo. of Ruiz, pg. 28-32; Decl. of Ruiz, ¶9).

34. When an employee's telephone was dialed by the entrance instrument, the instruments were coupled together through dedicated lines via the K.S.U., thus enabling the employee and visitor to establish voice contact. If the visitor's entrance was desired, the employee dialed a number on his telephone which activated the door strike. (Decl. of Ruiz, ¶9)

35. Employee telephones subject to calls from the entrance set could be changed by changing the connections to the circuit card. (Decl. of Ruiz, ¶8).

36. When an employee telephone was dialed by the entrance instrument, the two instruments were coupled to each other through the K.S.U. The employee telephone and the entrance unit were not coupled together through the public telephone network.

37. If the person's entry was desired, the employee would dial a number which, instead of ringing a telephone, activated the striker at the entrance.

38. Although the Pacific Telephone system did not use the public subscriber telephone network, the same "selecting means" was used to both dial the employees' telephones and to enter a direct access code which addresses the door lock.

Level of Ordinary Skill in the Art at the Time the Invention Was Made

39. A person of ordinary skill in the art at the time of the Trell invention would have had a bachelors degree in electrical engineering, or its equivalent, plus two to five years of practical design experience. Plaintiff has not offered any evidence that a person of ordinary skill in the art at the time of the Trell invention would have any other education or experience.

Differences Between the Device Recited by Claim 9 and the Prior Art.

40. Entry control systems with "discriminator" means, as well as all the other Claim 4 elements, and using the public telephone network to connect the entrance unit with an occupant's telephone (such as *Identifone*, *Entraguard*) were known in public use and "on sale" in the United States prior to Trell's invention date.

41. The use of a dial of an entrance telephone unit of an entry control system to directly unlock an entrance-way door in response to entry of a predetermined code

was known, in public use and "on sale" in the United States prior to Trell's invention date (e.g., Pacific Telephone System).

42. Entry control systems including "selecting means" for dialing telephone numbers to a (local) telephone network, and for also addressing a common combination lock device were known in public use and "on sale" prior to Trell's invention date (e.g., Pacific Telephone System).

43. The only difference between the device recited by Claim 9 and the prior art before this Court is that the Claim 9 device combined the direct access feature of the Pacific Telephone system with a "public subscriber network"-type system like the *Identifone* and *Entraguard* systems, instead of with a "dedicated line" system such as the Pacific Telephone system.

44. Neither the Lesher *Identifone*, the Lesher patent application filed December 27, 1972, the *Entraguard*, or the Pacific Telephone entry control system were cited by the patent examiner against the patent application that matured into the Trell patent.

45. The *Identifone* and *Entraguard* systems, Lesher patent (excluding the material added by Lesher in 1974), and Pacific Telephone system were each more pertinent than the prior art cited by the patent Examiner who granted the Trell patent. None of the prior art references before the patent examiner showed an entry control system which utilized the public telephone system to connect an entrance unit to an occupant's telephone, as did the *Identifone* and *Entraguard* systems. None of the prior art references before the patent examiner when he

granted the Trell patent showed an entry control system which, like the Pacific Telephone system, permitted a visitor to dial an occupant from the entrance unit or, alternatively, dial a direct access code into the entrance unit to unlock the door without an occupant's involvement.

46. Defendants have presented the declarations of Messrs. Janess and Ahlstrom (designers of the 1973 *Entraguard* system) and Mr. Leshner (designer of the redesigned *Identifone* system) stating that the modification of their respective systems to use the entranceway telephone dial for the entry of both telephone codes and entrance codes, would have been obvious in the 1972-73 time frame in view of the Pacific Telephone system's use of that same feature for the same purpose. (Decl. of Ahlstrom, ¶17-18; Decl. of Janess, ¶10-11; Decl. of Leshner, ¶17-18).

47. Mr. Janess had the equivalent of two years of electrical engineering courses plus 15 years of electronics experience with electronic circuitry at the time he designed the *Entraguard*. (Decl. of Janess; ¶¶3,4)

48. Mr. Leshner had attended San Fernando State College for two years followed by the University of California, Berkeley for two years, majoring in Electrical Engineering and Computer Sciences, prior to redesigning the *Identifone* to include a digital memory. (Decl. of Leshner, ¶¶3, 7)

49. Mr. Ahlstrom had a B.S. degree in Physics for eleven years at the time he designed the *Entraguard*, and has expressed the opinion that an average designer at

that time would be a non-graduate engineer with approximately 5-6 years of actual experience in designing electronic circuits, or a graduate engineer with a B.S. degree in Electrical Engineering and somewhat less actual design experience.

50. Messrs. Janess, Ahlstrom and Leshner were each persons of ordinary skill in the art in the April 1973 time frame.

51. Plaintiff has not provided any testimony from anyone skilled in the art to refute the declarations of Messrs. Janess, Ahlstrom and Leshner. Plaintiff's sole technical witness is a mathematician with experience in computer programming and computer security (Decl. of Heinlein, pp. 2-3). He has not worked in the art, and has not submitted any evidence of ordinary skill in the art, of designing electrical and electromechanical security systems of the type in issue in the present action.

#### Secondary Consideration

52. Plaintiff argues that commercial success of his product shows that the invention of Claim 9 is not obvious. Plaintiff has put forth no proof of commercial success. To the extent that devices embodying the elements of Claim 9 are successfully sold in the marketplace, no proof has been offered showing that the success is due to the claimed combination of telephone entry via the public subscriber network and direct access via the same "selecting means", rather than the systems' use of the public subscriber network to eliminate the need for dedicated wiring. No nexus is shown.

53. Plaintiff has produced evidence of a license between himself and Bewator Svensk Teleproduktion. Again, no nexus is shown. That license only applies to European patents, whose scope and validity are subject to the laws of their respective countries and not to Sections 102 and 103 of Title 35, U.S. Code. For example, the validity of these patents are not effected by the sales of *Identifone*, *Entraguard* and/or Pacific Telephone systems in the United States prior to Trell's invention date.

54. All conclusions of law set forth below which are deemed to be statements of fact are hereby incorporated by reference.

#### CONCLUSIONS OF LAW

55. This Court has jurisdiction over the parties. (28 U.S.C. 1338(a))

56. This Court has jurisdiction over the subject matter of this litigation. (28 U.S.C. 1338(a))

57. Venue is proper in this litigation. (38 U.S.C. 1400(b))

58. A patent is presumed to be valid. 35 U.S.C. 282.

59. The presumption of patent validity may be rebutted only with clear and convincing evidence. *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 1050 (Fed. Cir. 1988).

60. As in other cases, summary judgment in a patent case is appropriate where, viewing the evidence in a light most favorable to the non-moving party, there are no genuine issues of fact and the moving party is entitled

to judgment as a matter of law. *Hodosh v. Block Drug. Co., Inc.* 786 F.2d 1136, 1141 (Fed. Cir. 1986).

61. If Sentex succeeds in establishing a *prima facie* case of invalidity, Trell must come forward with sufficient evidence to counter the challenge. *Cable Electric Products v. Genmark, Inc.*, 770 F.2d 1015, 1022 (Fed. Cir. 1985).

62. In order to overcome summary judgment after a *prima facie* showing of invalidity, Trell must show an evidentiary conflict on the record; mere conclusory statements are not sufficient. *Hodosh v. Block Drug. Co., Inc.* 786 F.2d 1136, 1141 (Fed. Cir. 1986).

63. Patent validity is a question of law. *Graham v. John Deere Company of Kansas City*, 383 U.S. 1, 86 S.Ct. 684, 1715 L.Ed.2d 545 (1966)

64. A person is entitled to a patent unless:

(a) the invention was *known or used* by others in this country . . . before the invention thereof by the applicant for patent, or

(b) the invention was . . . *in public use or on sale* in this country more than one year prior to the date of application for patent in the United States. . . .  
(35 U.S.C. 102)

65. Plaintiff's "invention date" is the date on which he filed his Swedish patent application for which priority was claimed; namely, June 7, 1973. *Yaskuko Kawai v. Metlesics* 480 F.2d 880 (CCPA; 1970).

66. In order to have anticipation, all of the elements of the patented device or their equivalents must be found

in a single prior art device. *Amphenol Corporation v. General Time Corporation* 397 F.2d 431 (7th Cir. 1968).

67. Plaintiff's mere bald assertions to the contrary are not sufficient to challenge the declarations of fact witnesses submitted by Defendants showing that the *Entraguard* was connected to the Miami public telephone network at the tradeshow in Miami in April 1973. *Harper v. Wallingford*, 877 F.2d 728 (9th Cir. 1989)

68. Interpretation of a patent claim is a matter of law. *Raytheon Co. v. Roper Corp.*, 724 F.2d 951, 956 (Fed. Cir. 1983).

69. Because this Court has before it both the Trell patent and U.S. Patent 3,917,911 (Leshner) on the *Identifone*, and the scope and content of those patents is easily discernible, no testimony, expert or otherwise, regarding their scope and content is necessary. *Chore-Time Equipment v. Cumberland*, 713 F.2d 774, 779 (Fed. Cir. 1983).

70. Although an occupant in a building having an *Identifone* unit, prior to Trell's invention date, used a hand-held tone generator next to his telephone mouthpiece to activate mechanism which released the door lock, the language of Claim 4 is sufficiently broad to read on the *Identifone* device. The pertinent language "means responsive to signals induced from said subscriber telephone for thereupon releasing said door lock" does not require that the signals be generated by the subscriber telephone. Claim 4 only requires the signal to come from the subscriber telephone.

71. The *Entraguard* and *Identifone* each include each and every element of Claim 4.

72. Claim 4 of the Trell patent is invalid under 35 U.S.C. 102(a) and 35 U.S.C. 102(b).

73. A patent may not be obtained though the invention is not identically disclosed or described as set forth in Section 102 of this Title, if the difference between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. (35 U.S.C. 103)

74. Obviousness is a legal conclusion based on factual determinations and not a factual determination itself. *Panduit Corp. v. Dennison NFG Co.*, 810 F.2d 1561 (Fed. Cir. 1987), *cert. denied*, 107 S.Ct. 2187, 95 L.Ed.2d 843 (1987); *Aktiebolaget Karlstads Mekaniska Weirktstad v. United States Int'l Trade Comm.*, 705 F.2d 1565, 1575 (Fed. Cir. 1983).

75. Under Section 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or non-obviousness of the subject is determined. *Graham v. John Deere Company of Kansas City*, *supra*.

76. The conclusion as to obviousness turns on whether a hypothetical person with ordinary skill and knowledge in the art to which the invention pertains, and with full knowledge of all the pertinent prior art, would be led naturally to the solution adopted in the claimed invention when faced with problem to which the claimed invention is addressed. *In re Nilssen* 851 F.2d 1401, 1403

(Fed. Cir. 1988); *Custom Accessories, Inc. v. Jeffrey Allan Industries, Inc.* 807 F.2d 955, 962 (Fed. Cir. 1986).

77. Hindsight must not be used. Something in the prior art must suggest the desirability, and thus the obviousness of making the combination. *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 1051 (Fed. Cir. 1988).

78. The Court must also consider any "secondary considerations" such as commercial success and commercial acquiescence when present. *Union Carbide Corp. v. American Can Co.*, 724 F.2d 1567, 1576 (Fed. Cir. 1984).

79. "Secondary considerations" are always relevant to the question of non-obviousness, but the weight accorded evidence of secondary considerations must be carefully appraised in relation to the facts of the actual case in which it is offered. *Cable Electric Products, Inc. v. Genmark, Inc.* 770 F.2d 1015, 1026 (Fed. Cir. 1985).

80. The trier of fact should determine whether the proffered evidence of secondary considerations is relevant to the subject matter as claimed. If there is a nexus between the commercial success and the subject matter as claimed, the evidence should be considered in reaching a conclusion on the issue of "obviousness". If there is no nexus, the evidence should not be considered. *Ashland Oil Co. v. Delta Resins & Refractories, Inc.*, 776 F.2d 281 (Fed. Cir. 1985); *cert. denied* 106 S.Ct. 1201 (1986).

81. Commercial success must in some way, be due to the nature of the invention, as opposed to other economic and commercial factors unrelated to the technical quality of the patented subject matter. *Stratoflex, Inc. v. Aeroquip Corp.* 713 F.2d 1530 (Fed. Cir. 1983).

82. The burden is on the patentee to come forward with any evidence of secondary considerations which have the required nexus to the claimed invention. *Pentec, Inc. v. Graphic Controls, Corp.*, 776 F.2d 309 (Fed. Cir. 1985).

83. 35 U.S.C. 103 requires that a claim be declared invalid only when the invention set forth in that claim can be said to have been obvious to one of ordinary skill in the art. As an aid in determining obviousness, that requirement precludes consideration of whether the invention would have been obvious to the rare genius in the art, or to a judge, or other layman after learning all about the invention. *Stratoflex, Inc. v. Aeroquip Corp.* 713 F.2d 1530, 1538.

84. Nothing in Claim 9 requires that the public telephone network must be used in addressing a common combination lock device. *Trell v. Marlee Electronic Corp.*, 10 USPQ2d 1790, 1791 (Fed. Cir. 1989)(unpublished).

85. A person of ordinary skill in the art, having knowledge of the Pacific Telephone system and the *Identifone* and/or *Entraguard* systems, would have found the invention recited by Claim 9 obvious at the time of Trell's invention date.

86. Claim 9 of the Trell patent is invalid under 35 U.S.C. 103.

87. All matters of fact set forth in Paragraphs 1-53 above which are deemed to be conclusions of law are hereby incorporated by reference.

**APPROVED AND SO ORDERED**

Dated: SEP 17 1990, 1990      DICKRAN TEVRIZIAN  
U.S. District Court Judge

Submitted by:

Ashen Martin Seldon Lippman & Scillieri

By: Robert A. Seldon  
Robert A. Seldon  
Attorney for Defendants

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Please initially note the letter of September 10, 1990 from Defendants' attorney to the District Court's courtroom deputy, listing the changes the attorney made in the District Court's "Memorandum Of Decision And Order" (A18, 19).

**I. Statement Of The Issues Presented For Review.**

1. Did the District Court err in ruling on the validity of claim 4 of the suit patent, which was not properly in issue?

2. Did the District Court err in granting Defendants' Renewed Motion For Summary Judgment Of Invalidity Of Claims 4 And 9, based upon statements contained in the declarations of Robert Margolis, Don Janess, James M. Leshner and John F. Ahlstrom, none of whom was present at the hearing on Defendants' Renewed Motion For Summary Judgment, to be cross-examined by Plaintiff's attorney pursuant to Rule 7.5.4 of the Local Rules of Practice for United States District Court, Central District of California?

3. Did the District Court err in granting Defendants' Renewed Motion For Summary Judgment Of Invalidity Of Claims 4 and 9, in the total absence of any admissible "clear and convincing evidence" that either claim 4 or claim 9 is invalid in view of the Entraguard device, the Identifone device and the Pacific Telephone system?

4. Did the District Court err in adjudging that the "hand held tone generator" used with the Identifone device, meets the requirement of "signals induced from said subscriber telephone" as contained in claim 4, based

upon the District Court's examination of only the Trell patent and the Identifone patent?

5. Did the District Court erroneously use hindsight and the knowledge of the Trell invention in concluding that "an inventor with the ordinary skill in the art when confronted with the problem of trying to add a direct access feature to the *Entraguard* or *Identifone*, would see the obviousness of combining the direct access feature of the Pacific Telephone System with the *Entraguard* or the *Identifone*"?

6. Did the District Court err in disregarding the Declaration of Edwin Heinlein, Plaintiff's technical expert?

7. Did the District Court err in disregarding the statements contained in Declaration of Walton E. Tinsley, Plaintiff's patent expert.

8. Did the District Court err in excluding evidence of the Trigon License and the Doorking License on the grounds that they are "barred by Federal Rule of Civil Procedure No. 408 since they are the products of settlements"?

## II. Statement Of The Case.

### A. The Parties.

The plaintiff-appellant Anders E. Trell is a citizen of Sweden, having an "immigrant" status in the United States. He resides alternatively at Los Angeles, California, and at Stockholm, Sweden.

The defendant-appellee Sentex Systems, Inc., is a California corporation, with an office and principal place of business at Chatsworth, California.

The defendant-appellee William R. Davis is a citizen of the United States and of the State of California, and resides within the Central Judicial District of California.

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## LICENSE AGREEMENT

AGREEMENT made this 27th day of September 1983 by and between Anders Trell, residing at Polhermsgatan 20B, 112 36 Stockholm, Sweden (herein designated as the "Licensor") and Bewator Svensk Teleproduktion, AB, a Corporation with a principal place of business at Box 11021, 100 61 Stockholm, Sweden (herein designated as the "Licensee").

## WITNESSETH:

WHEREAS the Licensor has invented an entry phone with a complementary alarm function (herein designated as the "Invention"), which is connected to the regular telephone network. It is based on ideas stated in the patents and patent applications as per Exhibit 1 to this Agreement.

WHEREAS Televerket [the Swedish National Telecommunications Administration has, as shown in Exhibit 2 hereto annexed, issued its technical approval and has, in accordance with Exhibit 3, issued its approval that the Invention may be connected to the telephone network; and

WHEREAS the Licensee intends to exploit the Invention for all purposes in Europe; and

WHEREAS any physical or legal person associated with the Licensee or in which the Licensee has substantial interest shall be considered equivalent to the Licensee;

NOW THEREFORE, the parties hereto, in consideration of the mutual agreements herein contained and

promises herein expressed and for other good consideration acknowledged by each of them to be satisfactory and adequate do hereby agree as follows:

## ARTICLE 1

The Licensor, who declares himself to be the sole owner of the Invention, gives and grants to the Licensee the exclusive right to manufacture, use and sell the Invention in Europe in accordance with the terms and conditions hereinafter set forth.

The Licensee shall have the right grant sublicenses in Europe, but shall be responsible to the Licensor for ensuring that the rights of the latter under this Agreement shall not thereby demonstrably be substantially reduced.

### Other countries

If the Licensor wishes to exploit the Invention outside Europe, he shall first give the Licensee the right, with observation of a period of three months for consideration, to expand the exclusive license in return for Licensee paying to the Licensor a non-recurring sum of 50,000 Swedish kronor per country and in accordance with the other terms and conditions set forth in this Agreement. For the United States of America, special terms and conditions shall apply as set forth in the next to last paragraph of Article 7.

The exclusive right to manufacture and sell the Invention shall expire on January 1, 1990 in those countries in which the Invention is patented and the Licensee

or its sublicensees sell less than 50 entry phones per year pursuant to the Invention.

However, the parties shall always jointly determine whether the technical or commercial preconditions pursuant to this Article exist before the Licensee's rights under this Agreement cease.

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[p. 25] Q Do you know approximately what percentage of DoorKing's business is telephone entry control systems with direct access?

MR. SCHAAP: I will object.

THE WITNESS: Doesn't make a hell of a lot of difference. About 25, between 25 and 30.

MR. SELDON: Q 25 percent to a third?

A Yeah, somewhere in there. It will vary.

\* \* \*

[p. 59] And the cost. I called up Bill Holloway and talked with him.

He said, "Rich, this just going to court is costing me over \$220,000."

Q Could you identify Mr. Holloway?

A Well, he was the president of Marlee.

Q Thank you.

A So it – taking our time away from our business and causing me to get my hair a little bit grayer, closer to his –

Q Indicating he is referring to Mr. Wills.

A It's very worrisome. I got tired of worrying, taking the time away from my business. The odds were probably 50/50 I'd win if I went to the appellate court, and if I won, I didn't win a lump sum of money.

And three, having that figure of 220,000 in my mind, one day I begin to think what would it cost if I just paid him off. I figured here's a man over from Sweden. I don't know how wealthy he is, but if he were extremely wealthy, he'd be put up in a big fancy hotel. He rented a modest apartment.

I got to thinking, you know, maybe a hundred thousand dollar check would look big to him. I still don't know if it did or did not. He never did express himself.

So I had my company figure out, as I told [p. 60] before, about what we were doing a month, and I sat down over at the coffee shop and got a napkin and calculated what it would cost. I think it was nine months

back to March. I put that figure down. And I think there was 48 months total left in the patent. I think there were 39 months.

Then I had the girl down at the bank figure out how much money I'd have to put up today so it would equal that figure 39 months from now. And they gave me the figure.

I took the two figures, put them together, added them together, and it came out a little over 125,000, three, four thousand more, five, maybe.

So I told Tom, my son, this is about half what it would cost us if we went to Washington, if we lost or not, or won.

So we thought well, let's see if we can settle for that.

He and I talked it over every day until 8:00 o'clock every night.

Q He, being your son?

A My son, yeah.

So I called up. I called Wills. He wouldn't give me the time of day.

So I figured, well, I'll just call Stockholm.

And I called Stockholm and tried to get

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[p. 37] And I fully believed at the time, because of the thing going through court twice, that it probably had a lot of merit to it. If you take a patent like this and you knock out 18 parts of 19 and one sticks to appeal, you better sit down and take notice. That's all I do.

And I went on my own way.

I will say Bill very nicely, through you, wanted to loan me money, which I don't need. And the only other one that put money in this thing was SES. And SES, I had their check the next day after we had the meeting.

Q Was it your understanding that the patent claim that had been asserted against you had had its validity upheld?

A Absolutely, absolutely. When you go through court twice after a year's trial, it's probably a pretty sure thing that they've got something to -

Q When you reached this conclusion, which was certainly a good decision, was it your understanding [p. 38] that the patent claim, Claim 9, I believe, do you recall if you were sued under Claim 9 of the patent?

A I don't recall or not.

Q Do you recall if you were sued under a particular patent claim?

A I was sued for patent infringement and it was specifically called out in my suit.

Q Was it your understanding at the time you made this decision that the claim, that the patent, as interpreted by the Court, had been upheld as valid?

MR. FRIEDMAN: What decision are you talking about?

MR. SELDON: The trial court decision.

MR. FRIEDMAN: At the time Mr. Gagnon made what decision?

MR. SELDON: You testified it was your understanding the patent had been through the court twice; is that correct?

A Uh-huh [witness nods head up and down].

Q And something had stuck. Was that your testimony?

A To the best of my knowledge, they had gone through the courts twice and, therefore, it probably is a valid patent.

Q When you say it went through the court twice -

A Well, they went through the regular first court and then went through appeal. I don't know. Ask [p. 39] Mr. Wills.

Q So the trial court and appeal court is what you mean?

A Right.

Q Is it your understanding that the trial court's interpretation of the patent was upheld as valid by the appeal court?

A I didn't care.

Q Okay.

A I didn't care. I was just, again, as a prudent businessman, this thing has been through two divisions of court. Whether you want to call it appellate or not, I don't care. And as a result, they had found it a valid patent.

And as far as I was concerned, I've got to start thinking about it. And that's exactly what I did. And I went in accordance with my lawyer's instruction. We worked from there.

Q But is it your testimony you did not know anything about the validity of any particular patent interpretation at the time?

A No.

MR. FRIEDMAN: I object. He has answered the question to the best of his ability.

MR. SELDON: Can you read the original question back

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